

Rural Idaho's GDP Anchored State's Economy in 2002

Rural Idaho, mostly bypassed by growth in the late 1990s, held the economic line for the state when recession swept across the nation in 2001 and significantly disrupted Idaho's expansion in 2002.

New estimates released by the U.S. Bureau of Economic Analysis show growth in economic output from the state's 33 rural counties was four times greater than in the 11 counties that make up Idaho's five metropolitan areas.

That growth in gross domestic product, even as rural population and personal income continued declining as a percent of the statewide totals, was a key factor in keeping statewide economic statistics positive, making Idaho one of just a dozen states to avoid actual economic decline during that period.

By the next year, 2003, as the economy began to slowly recover from the downturn, the value of the goods and services generated in urban Idaho picked up to essentially match the growth in rural output, which was slowing again.

And once the recovery was in full swing, growth began to again concentrate in metropolitan Boise, Coeur d'Alene, Idaho Falls and Pocatello and to a lesser extent in Lewiston.

It reflected the relative stability of rural communities compared to the volatility of more rapidly growing metropolitan areas. While rural Idaho's growth rate has lagged the statewide rate overall, it has also not been shocked as dramatically by outside economic developments as the urban areas have.

Since 1990 Idaho has had one of the fastest growing populations in the nation, and population gain has been

a driving force behind the economic expansion that has been among the strongest nationally.

The overwhelming majority of that growth has been in the urban centers. In 1990, 58 percent of the population lived in those 11 metropolitan area counties – Ada, Canyon, Boise, Gem, Owyhee, Kootenai, Nez Perce, Bannock, Power, Bonneville and Jefferson.

During the next 16 years, three of every four newcomers to Idaho located in those urban counties. The increase was over 60 percent, 2 1/2 times the population increase in rural Idaho. By 2006, 64 percent of Idaho residents were urban.

Urban Idaho was the beneficiary of the 1990s expansion, and it took the brunt of the downturn that followed.

Only the Coeur d'Alene metro area, which covers all of Kootenai County, maintained steady growth numbers. Its gross domestic product in 2002 was up nearly 9 percent from 2001 compared to 1.5 percent growth for the combined urban areas and a 9 percent decline in Pocatello.

Rural Idaho's gross domestic product, however, was up over 6 percent, even posting fractional growth in manufacturing and essentially holding its own in construction. Both provide many of the state's better-paying jobs. Urban output from manufacturing and construction plunged nearly 13 percent — \$490 million — because of major declines in the Boise and Pocatello areas.

A retrenching high-tech sector was largely responsible for the 10 percent drop in manufacturing output in the Boise metro area. Jabil Circuit shut down its Meridian manufacturing plant, eliminating 500 jobs, while Hewlett-Packard laid off 1,800 at its printer plant, and

FYI Table 1: Growth in Idaho's Gross Domestic Product (in millions) 2001-2005

	Idaho	Rural	Urban	Boise	Coeur d'Alene	Idaho Falls	Lewiston	Pocatello
2001	\$35,631	\$10,165	\$25,466	\$17,161	\$2,383	\$2,516	\$1,345	\$2,061
2002	\$36,651	\$10,806	\$25,845	\$17,358	\$2,593	\$2,639	\$1,378	\$1,877
Growth	2.86%	6.30%	1.49%	1.15%	8.81%	4.89%	2.45%	-8.93%
2003	\$38,148	\$11,192	\$26,956	\$17,902	\$2,816	\$2,827	\$1,455	\$1,956
Growth	4.08%	3.57%	4.30%	3.13%	8.60%	7.12%	5.59%	4.21%
2004	\$42,697	\$12,410	\$30,287	\$20,195	\$3,164	\$3,153	\$1,544	\$2,231
Growth	11.92%	10.88%	12.36%	12.81%	12.36%	11.53%	6.12%	14.06%
2005	\$45,891	\$12,864	\$33,027	\$22,145	\$3,441	\$3,472	\$1,597	\$2,372
Growth	7.48%	3.66%	9.05%	9.66%	8.75%	10.12%	3.43%	6.32%

Source: Bureau of Economic Analysis

FYI Table 2: 2002 Gross Domestic Product By Specific Sector and Growth from 2001 (in millions)

	State		Rural		Urban	
Manufacturing	\$4,410	-9.82%	\$1,083	0.93%	\$3,327	-12.84%
Construction	\$2,121	-7.30%	\$580	-0.17%	\$1,541	-9.72%
Retail Trade	\$3,081	5.95%	\$943	8.27%	\$2,138	4.96%
Financial activities	\$6,055	8.20%	\$1,252	25.45%	\$4,803	4.46%
Leisure and hospitality	\$1,318	8.12%	\$436	8.46%	\$882	7.96%
Private goods producers	\$8,611	-7.20%	\$3,285	-1.14%	\$5,326	-10.58%
Private service providers	\$22,586	6.30%	\$5,331	10.60%	\$17,255	5.03%
All Government	\$5,454	6.86%	\$2,188	8.21%	\$3,266	5.97%
State and local	\$4,036	5.82%	\$1,477	6.57%	\$2,559	5.40%
Total GDP	\$36,651	2.86%	\$10,806	6.30%	\$25,845	1.49%

Source: Bureau of Economic Analysis

FYI Table 3: Rural Contribution to Idaho's Economy

	2001	2002	2003	2004	2005
Gross Domestic Product	28.53%	29.48%	29.34%	29.06%	28.03%
Personal Income	32.72%	32.54%	32.19%	32.19%	31.56%
Population	36.28%	35.99%	35.74%	35.35%	34.88%
Nonfarm Jobs	32.24%	32.45%	32.17%	31.60%	31.08%

Source: U.S. Census Bureau, Bureau of Economic Analysis, Bureau of Labor Statistics

several other companies combined to lay off hundreds more.

On the eastern side of the state, the Astaris elemental phosphorus plant in Pocatello closed, idling 400, and American Microsystems, now AMI Semiconductor, laid off 170 more as it joined the other high-tech companies in cutting back production in response to global economic conditions.

The decline in manufacturing combined with weakening in urban construction, primarily in commercial development, to drive the value of goods production down significantly in 2002.

The service side of the economy continued to grow, but again rural Idaho outpaced the metro areas in 2002. Resort area activity was one of the major reasons for dramatic growth in the real estate and financial sectors in the rural part of the state.

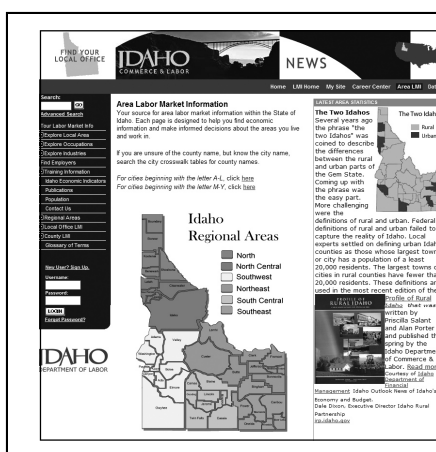
Overall, Idaho's rural counties added 1,400 nonfarm jobs in 2002 while the metro areas lost 900. It was only

the second time since 1990 that rural Idaho exceeded the cities in job growth. The gross domestic product figures only go back to 2001.

But once the worst was past, the growth again gravitated to the urban centers, and rural Idaho resumed its more modest, steadied economic growth. South central Idaho particularly has gotten a major boost in recent years with the entry of trailer manufacturers and the expansion of cheese makers.

By 2005, however, the rural contribution to statewide gross domestic product had dropped below the 2001 level. Economic expansion was again clearly centered on the metropolitan areas.

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LMI WEB SITE UPDATE

Labor market information for each of Idaho's six work force regions is available on the Web at lmi.idaho.gov under the top menu item "Area LMI."

The Regional home page is pictured on the left.